

# North Somerset Council

## REPORT TO THE ADULT SERVICES AND HOUSING POLICY AND SCRUTINY PANEL

**DATE OF MEETING: 25 JUNE 2020**

**SUBJECT OF REPORT: MONTH 12 ADULT CARE BUDGET MONITOR**

**TOWN OR PARISH: ALL**

**OFFICER/MEMBER PRESENTING: FINANCE BUSINESS PARTNER (PEOPLE AND COMMUNITIES)**

**KEY DECISION: NO**

### RECOMMENDATIONS

- i. That the Panel notes the outturn spend against budget for adult services and housing and the risks and opportunities associated with the medium term position.

### 1. SUMMARY OF REPORT

- 1.1 This report summarises and discusses the spend against budget for adult services and housing, highlighting key variances, movements and contextual information. It also makes reference to the principles and processes associated with the setting of the 2020/21 budget. It builds on the information received by the Executive at its meeting on 24 June.

The report also provides a high level overview of the potential financial impact of the Covid-19 emergency.

- 1.2 The overall year end position for the Adult Care Service is a £50k overspend on a net budget of £65.9m (0.08%). With a £45k underspend on Housing, this gives an overall position of a £5k overspend.
- 1.3 This suggests that a relatively stable and sustainable position appears to have been reached following successive years of budget growth, combined with a programme of savings designed to impact both on demand and on reducing unit costs. However, it is worth noting that some of the savings that are mitigating overspend are of a one-off nature and almost £2m of expenditure has been funded from reserves. Work is currently being undertaken to more fully understand the extent to which the expenditure was also of a one-off nature and / or the expenditure has now been mainstreamed into the 2020/21 budget.
- 1.4 A system is in place to monitor the achievement of savings that were written into the 2019/20 budget. Whilst some savings targets are difficult to monitor, given that many

relate to cost avoidance of mitigation of future costs, evidence does indicate that good progress is being made and a summary is included at Appendix 5. Of particular note are the savings that have been made in relation to the reconfiguration of the housing with support contracts. Savings of c. £375k have been made against a target of £150k.

- 1.5 Inflation, demographic demand pressures and mainstreaming spend associated with grant income or reserves have all been considered as part of the 2020/21 budget setting process and MTFP, alongside savings plans, particularly in relation to accommodation shift, care package reviews and additional income. Whilst this should provide a robust base budget from which to work, there are continuing risks in relation to the costs of care and the market capacity, increases in demand, health contributions and delivery of savings plans.

## 2. POLICY

- 2.1 The Council's budget monitoring is an integral feature of its overall financial processes, ensuring that resources are planned, aligned and managed effectively to achieve successful delivery of its aims and objectives. The 2019/20 revenue and capital budgets have been set within the context of the council's medium term financial planning process, which support the adopted Corporate Plan 2015 to 2019.

## 3. DETAILS

### Overall position

- 3.1 The main areas of variance are as follows and a detailed summary is shown in Appendix 1

<b>Service Area</b>	<b>Net Variance P12 (£000s)</b>
Individual Care Packages	581
Assistive Equipment and Technology	73
Information and Early Intervention	132
Social Care Activities	(40)
Commissioning	(696)
<b>Total Adult Care and Support</b>	<b>50</b>

### Individual Care Packages

- 3.2 Nearly 80% of the gross expenditure in Adult Care is on Individual Care Packages for service users in residential and non-residential settings
- 3.3 Period 12 outturn showed that gross expenditure was around £6.5m (8.8%) more than in 2018/19 (Appendix 2), with an additional £2.3m in income recovery, giving a net growth of £4.2m. This is broadly reflective of the inflationary increases applied to the various care providers, expected increases in levels of demand and complexity, including for transitions cases from Children's Social Care.

- 3.4 Since we successfully transferred our financial information onto the new ContrOCC system from April 2019; we have been able to access information more comprehensively as the system comes into greater usage.
- 3.5 The cost and volume information for the financial year to date are summarised in appendices 3 and 4. The first summary shows the trend in activity based on care package line items since May, following system migration in April. This methodology captures the different packages of care by type for service users. Appendix 4 then shows the average weekly unit cost for the different packages of care and a weight average unit cost overall is derived for each month. All expenditure is shown on a gross cost basis.
- 3.6 What the cost and volume summaries suggest is that in 2019/20 there has been steady increase in activity from demand and we have hit a peak of 3,522 live packages in Period 11. The overall numbers fell to 3,425 in March reporting lower home care and short-term residential placements.
- 3.7 There were an additional 72 live packages of long-term care since June 2019 to March 2020. Currently, total live packages of care totalled 3,425 compared to 3,363 in June. When looking at long term packages of care in isolation the comparison is 3,345 in March compared to 3,273 long term packages in June 2019.
- 3.8 Shifting attention to cost of care packages, we can see that there has also been a steady increase in long term nursing costs from £583 per week for standard cost at end of quarter 1, rising to an average of £610 since winter. Direct payments have reduced and measured per client a fall in the weekly reported costs since the start of the financial year was almost £484 and decreased steadily to an average of £459 per week.

#### Other Variances

- 3.9 Overall variance for assistive technology and equipment is £73k over budget. The projected outturn also includes £300k of aids and equipment being capitalised in line with revenue and capital budgets for 2019/20.
- 3.10 Information and early intervention costs overall are revised this month to show a forecast with an adverse variance of £132k – this relates mainly to forecast revision for voluntary sector contracts.
- 3.11 Social Care Activities is now showing a favourable variance of £40k, which mainly relates to revision in predicted costs for staffing and is mainly attributable to direct cost of employees, including cost of all the locality teams, SPA, and teams for learning disabilities and mental health.
- 3.12 Commissioning and Service Delivery shows a favourable variance of £696k. The increase in the variance relates mainly to the recognition of additional Better Care Fund income due from NHS. Other main variances relate to the success with MTFP savings delivered from recommissioning the accommodation-based support for Supporting People by moving onto a housing benefit model. Other variances relate largely relates to employee costs in the commissioning and contracting teams. There are cost pressures in connection with ICT and Better Care Fund recharges for programmes such as SPA/Health /Connecting Care costs.

## Savings Plans

- 3.13 A system is in place to monitor the achievement of savings that were written into the 2019/20 budget. Savings targets are often difficult to monitor, given that many relate to cost avoidance or mitigation of future cost increases rather than simple reductions in expenditure. That said, with our new finance system it should be easier monitor changes in care packages across providers or care types. A RAG rated list of the current MTFP savings is shown in Appendix 5, but worth noting, at this stage is the significant over-achievement of savings in relation to the reconfiguration of housing with support contracts, which are now largely funded from housing benefit. In addition, an independent review of care packages has led to savings and this programme will now be extended to provide further saving in the current and future years.

## 2020/21 MTFP

- 3.14 One of the key principles of recent budget setting process has been to re-base the Adult Social Care budgets to reflect current and future demand. As a result, and despite the Council's overall financial position, a significant amount of growth was allocated to the budget for 2020/21 with growth allocations for provider inflation and demand / demographic growth, changes in income profiles from the CCG and mainstreaming of budgets previously funded from one-off resources. A savings programme, focussed on the key principles of the Maximising Independence and Well-being Programme is also in place.
- 3.15 There remain significant risks associated with the financial stability of the provider market, particularly given the impacts of the Covid-19 crisis. The Government continues to announce one-off grants, which, whilst welcome, do not provide a sustainable base from which to plan services. It is hoped that the long awaited Green Paper on social care reform, will provide some assurance and stability.

## Covid-19

- 3.16 The report to the June Executive gave some details of the estimated impact of Covid-19 on the Council's overall income and expenditure. It is worth saying at this stage, that the impact on the Council overall is likely to be significant, in terms of both additional pressures and expenditure, losses of income and inability to meet savings targets. Without further government funding, material mitigating action is likely to be required to close the budget gap in the current financial year. In relation to Adult Care and Housing, the main areas of financial impact and risk are currently thought to be as follows:

- Continuation of additional payments to adult care providers to support them with additional costs; this currently includes:
  - A premium of £100 per week per placement for care homes, and £1 per hour supplement for domiciliary care providers (at a cost of c. £550k per month)
  - The distribution of the Government's Infection Control Fund to providers (£3.861m)
- Purchase of Personal Protective Equipment (PPE)
- Consideration of the medium to long term impact on provider sustainability given the number of potential voids
- Potential losses of income in relation to client contributions to care packages
- Suppression of demand leading to a potential increase in demand and increase complexity of cases later in the year
- Reconfiguring of Day Care Services for social distancing

- Providing temporary housing for Rough Sleepers

#### **4. CONSULTATION**

Not applicable

#### **5. FINANCIAL IMPLICATIONS**

Financial implications are contained throughout the report.

#### **6. LEGAL POWERS & IMPLICATIONS**

- 6.1 The Local Government Act 1972 lays down the fundamental principle by providing that every local authority shall make arrangements for the proper administration of their financial affairs, although further details and requirements are contained within related legislation. The setting of the council's budget for the forthcoming year, and the ongoing arrangements for monitoring all aspects of this, is an integral part of the financial administration process.

#### **7. CLIMATE CHANGE & ENVIRONMENTAL IMPLICATIONS**

- 7.1 Not applicable

#### **8. RISK MANAGEMENT**

- 8.1 Included in the body of the report

#### **9. Equality Implications**

- 9.1 Not applicable to this report. The 2019/20 revenue budget incorporates savings approved by Members in February 2019, all of which are supported by an equality impact assessment (EIA). These EIAs have been subject to consultation and discussion with a wide range of stakeholder groups to ensure all risks have been identified and understood.

#### **10. Corporate Implications**

- 10.1 There are currently no specific corporate implications within the report. The relationship between the budget process and its continued ongoing monitoring arrangements have to be fully integrated if the council is to achieve the required financial outcomes it requires.

Members will be aware that robust financial management and strong internal controls will play a key part in delivering successful service outcomes as well reducing financial risk.

#### **11. Options considered**

- 11.1 Not applicable

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## APPENDIX 1 – SUMMARY OF BUDGET, SPEND AND VARIANCE

PEOPLE & COMMUNITIES - ADULT CARE AND HOUSING	REVISED BUDGET				ACTUAL				VARIANCE			
	Expenditure £	Income £	Reserves £	Net £	Expenditure £	Income £	Reserves £	Net £	Expenditure £	Income £	Reserves £	Net £
Physical Support	32,852,953	(11,229,365)	0	21,623,588	32,484,605	(11,839,671)	(742,402)	19,902,532	(368,348)	(610,306)	(742,402)	(1,721,056)
Sensory Support	291,680	(165,888)	0	125,792	306,925	(111,173)	0	195,751	15,245	54,715	0	69,959
Memory & Cognition	6,261,634	(3,605,131)	(169,000)	2,487,503	6,907,735	(1,812,019)	(510,000)	4,585,715	646,101	1,793,112	(341,000)	2,098,212
Learning Disability	29,541,974	(3,823,319)	0	25,718,655	29,640,855	(3,697,484)	0	25,943,372	98,881	125,835	0	224,717
Mental Health	9,247,847	(2,047,697)	(500,000)	6,700,150	9,460,695	(2,274,139)	(500,000)	6,686,554	212,846	(226,442)	0	(13,596)
Social Support: Substance Abuse	183,285	(72,033)	0	111,252	302,501	(71,099)	0	231,402	119,216	934	0	120,150
Social Support: Support for Carer	1,304,394	(387,125)	0	917,269	1,173,056	(453,325)	0	719,731	(131,338)	(66,200)	0	(197,538)
<b>Individual Care and Support Packages</b>	<b>79,683,767</b>	<b>(21,330,558)</b>	<b>(669,000)</b>	<b>57,684,209</b>	<b>80,276,370</b>	<b>(20,258,909)</b>	<b>(1,752,402)</b>	<b>58,265,059</b>	<b>592,603</b>	<b>1,071,649</b>	<b>(1,083,402)</b>	<b>580,850</b>
Assistive Equipment & Technology	351,647	(55,122)	(40,000)	256,525	533,167	(198,770)	(5,000)	329,396	181,520	(143,648)	35,000	72,871
Information & Early Intervention	1,410,625	(747,541)	0	663,084	1,496,371	(701,589)	0	794,782	85,746	45,952	0	131,698
Social Care Activities	8,978,111	(7,391,988)	(33,290)	1,552,833	9,175,069	(7,512,442)	(149,577)	1,513,049	196,958	(120,454)	(116,287)	(39,784)
<b>Other Social Care</b>	<b>10,740,383</b>	<b>(8,194,651)</b>	<b>(73,290)</b>	<b>2,472,442</b>	<b>11,204,606</b>	<b>(8,412,801)</b>	<b>(154,577)</b>	<b>2,637,228</b>	<b>464,223</b>	<b>(218,150)</b>	<b>(81,287)</b>	<b>164,786</b>
Commissioning & Service Strategy	9,658,781	(3,682,579)	(256,929)	5,719,273	9,300,012	(4,199,691)	(76,869)	5,023,452	(358,769)	(517,112)	180,060	(695,821)
<b>Commissioning &amp; Service Strategy</b>	<b>9,658,781</b>	<b>(3,682,579)</b>	<b>(256,929)</b>	<b>5,719,273</b>	<b>9,300,012</b>	<b>(4,199,691)</b>	<b>(76,869)</b>	<b>5,023,452</b>	<b>(358,769)</b>	<b>(517,112)</b>	<b>180,060</b>	<b>(695,821)</b>
<b>Strategic Housing</b>	<b>2,870,191</b>	<b>(1,089,282)</b>	<b>(134,672)</b>	<b>1,646,237</b>	<b>3,468,659</b>	<b>(2,397,584)</b>	<b>530,009</b>	<b>1,601,084</b>	<b>598,468</b>	<b>(1,308,302)</b>	<b>664,681</b>	<b>(45,153)</b>
<b>P&amp;C - ADULT SOCIAL SERVICES AND HOUSING</b>	<b>102,953,122</b>	<b>(34,297,070)</b>	<b>(1,133,891)</b>	<b>67,522,161</b>	<b>104,249,647</b>	<b>(35,268,986)</b>	<b>(1,453,840)</b>	<b>67,526,822</b>	<b>1,296,526</b>	<b>(971,916)</b>	<b>(319,949)</b>	<b>4,661</b>

## Appendix 2 –Adult Care - Analysis of Gross Expenditure on Individual Care Packages

Service Type	2018-19 Actual Gross Expenditure	2019-20 Gross Expenditure Budget	2019-20 Projected Gross Expenditure	Projection v Budget	Projection v Budget %	Change from 2018-19	Change from 2018-19 %
Residential	29,397	30,986	32,169	1,184	3.8%	2,772	9.4%
Nursing	10,463	12,218	13,590	1,372	11.2%	3,127	29.9%
Short term - Residential	2,155	1,948	2,093	146	7.5%	(61)	-2.8%
Short term - Nursing	1,448	969	653	(316)	-32.7%	(795)	-54.9%
Enablement - Residential	390	253	377	124	49.1%	(13)	-3.3%
Enablement - Nursing	233	261	279	18	7.0%	47	20.1%
Shared lives	1,285	1,343	1,343	0	0.0%	58	4.5%
Supported Living	11,153	11,448	9,689	(1,759)	-15.4%	(1,464)	-13.1%
Home Care	5,602	5,952	7,665	1,713	28.8%	2,063	36.8%
Extra Care	1,307	1,413	1,598	186	13.1%	291	22.3%
Reablement	328	511	113	(398)	-77.9%	(215)	-65.6%
Day Care	2,044	2,163	2,107	(56)	-2.6%	63	3.1%
Direct Payments	7,600	8,395	8,093	(302)	-3.6%	493	6.5%
Direct Payment Carers	44	50	29	(20)	-40.7%	(15)	-33.6%
Other	329	317	476	159	50.2%	147	44.6%
<b>TOTAL</b>	<b>73,778</b>	<b>78,227</b>	<b>80,276</b>	<b>2,050</b>	<b>2.6%</b>	<b>6,499</b>	<b>8.8%</b>

Appendix 3 – Unit Cost and Activity Data

<b>COST &amp; VOLUME SUMMARY - PACKAGES OF CARE TREND 2019/20 BY VOLUME</b>												
<b>Provision Type</b>		<b>Jun-19</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Jan-20</b>	<b>Feb-20</b>	<b>Mar-20</b>	<b>YTD Ave Volume</b>	<b>Current vs Ave.</b>	<b>YTD Ave Cost pw</b>	<b>Calculated Forecast £'000</b>	
<b>Long Term Care</b>												
Nursing	CLT01	300	344	362	362	361	357	341	16	£ 603.75	£ 11,238	
Nursing Extra	CLT02	48	53	54	55	56	54	51	3	£ 464.92	£ 1,309	
Residential	CLT05	723	737	738	731	746	742	736	6	£ 528.54	£ 20,448	
Residential Extra	CLT06	234	233	244	250	258	259	243	16	£ 820.73	£ 11,083	
Shared Lives	CLT10	43	49	49	48	49	49	48	1	£ 445.84	£ 1,139	
Home Care	CLT20	983	952	914	958	964	923	949	- 26	£ 178.98	£ 8,614	
Extra Care	CLT25	127	122	119	122	122	123	123	- 0	£ 239.65	£ 1,537	
Day Care	CLT30	257	250	254	254	257	254	256	- 2	£ 135.21	£ 1,791	
Supported Living	CLT40	228	239	240	245	259	251	240	11	£ 684.26	£ 8,955	
Direct Payment	VAA01	330	331	334	342	337	333	333	- 0	£ 487.35	£ 8,462	
<b>Short term Care</b>												
Enablement - Nursing	CST01	9	14	13	13	8	4	10	- 6	£ 588.96	£ 123	
Enablement - Residential	CST05	16	10	16	20	17	9	14	- 5	£ 487.63	£ 229	
Short term - Nursing	CST11	20	14	16	18	22	17	18	- 1	£ 595.75	£ 528	
Short term - Residential	CST15	35	43	44	55	52	38	43	- 5	£ 536.07	£ 1,062	
Reablement	CST20	10	20	18	18	14	12	15	- 3	£ 224.42	£ 140	
<b>TOTAL</b>		<b>3,363</b>	<b>3,411</b>	<b>3,415</b>	<b>3,491</b>	<b>3,522</b>	<b>3,425</b>	<b>3,421</b>	<b>4</b>		<b>£ 76,658</b>	



Appendix 4 – Unit Cost and Activity Data

<b>COST &amp; VOLUME SUMMARY - PACKAGES OF CARE TREND 2019/20 BY UNIT COST</b>											
<b>Provision Type</b>		<b>Jun-19</b>	<b>Sep-19</b>	<b>Dec-19</b>	<b>Jan-20</b>	<b>Feb-20</b>	<b>Mar-20</b>	<b>YTD Ave Cost pw</b>	<b>Current vs Ave.</b>	<b>Current Volume</b>	<b>Calculated Forecast £'000</b>
<b>Long Term Care</b>											
Nursing	CLT01	£ 582.97	£ 613.14	£ 609.22	£ 611.11	£ 609.65	£ 609.88	£ 603.75	£ 6.13	357	£ 11,238
Nursing Extra	CLT02	£ 506.40	£ 449.44	£ 449.72	£ 476.94	£ 435.54	£ 433.75	£ 464.92	-£ 31.17	54	£ 1,309
Residential	CLT05	£ 510.79	£ 534.69	£ 535.39	£ 535.30	£ 534.81	£ 536.22	£ 528.54	£ 7.68	742	£ 20,448
Residential Extra	CLT06	£ 848.94	£ 812.80	£ 830.84	£ 821.17	£ 805.49	£ 816.03	£ 820.73	-£ 4.70	259	£ 11,083
Shared Lives	CLT10	£ 448.87	£ 441.20	£ 444.91	£ 445.85	£ 444.13	£ 453.42	£ 445.84	£ 7.58	49	£ 1,139
Home Care	CLT20	£ 171.08	£ 176.65	£ 179.86	£ 180.73	£ 180.15	£ 188.87	£ 178.98	£ 9.89	923	£ 8,614
Extra Care	CLT25	£ 223.44	£ 244.16	£ 244.29	£ 236.76	£ 236.94	£ 242.18	£ 239.65	£ 2.54	123	£ 1,537
Day Care	CLT30	£ 133.27	£ 137.40	£ 133.74	£ 135.09	£ 135.32	£ 137.57	£ 135.21	£ 2.36	254	£ 1,791
Supported Living	CLT40	£ 678.22	£ 678.05	£ 684.62	£ 682.21	£ 674.17	£ 703.59	£ 684.26	£ 19.33	251	£ 8,955
Direct Payment	VAA01	£ 484.27	£ 516.81	£ 476.11	£ 469.24	£ 467.59	£ 458.51	£ 487.35	-£ 28.83	333	£ 8,462
<b>Short term Care</b>											
Enablement - Nursing	CST01	£ 564.34	£ 593.02	£ 597.61	£ 601.07	£ 593.29	£ 593.39	£ 588.96	£ 4.43	4	£ 123
Enablement - Residential	CST05	£ 466.20	£ 482.84	£ 502.15	£ 490.51	£ 487.35	£ 499.89	£ 487.63	£ 12.26	9	£ 229
Short term - Nursing	CST11	£ 571.92	£ 588.90	£ 597.63	£ 594.90	£ 610.29	£ 609.38	£ 595.75	£ 13.63	17	£ 528
Short term - Residential	CST15	£ 473.33	£ 614.67	£ 500.73	£ 516.46	£ 534.04	£ 511.64	£ 536.07	-£ 24.43	38	£ 1,062
Reablement	CST20	£ 222.26	£ 204.12	£ 321.67	£ 200.59	£ 270.16	£ 189.55	£ 224.42	-£ 34.87	12	£ 140
<b>WEIGHTED AVERAGE</b>		<b>£ 408.70</b>	<b>£ 427.18</b>	<b>£ 429.99</b>	<b>£ 426.74</b>	<b>£ 426.06</b>	<b>£ 432.09</b>	<b>£ 423.86</b>	<b>£ 8.23</b>	<b>3,425</b>	<b>£ 76,658</b>

## Appendix 5 – Analysis of Savings

Ref	Item	Value	Progress / notes
<b>Adult Social Care</b>			
PCA1	New Supported Living Scheme in Clifton Road	-160	Analysis of placements indicates £125k savings in 2019/20 with more possibly to follow and a FYE of £155k
PCA4	New Extra Care Scheme in Yatton	-15	Now delayed until 2020/21
PCA5	Increase in Shared Lives carers	-145	Several new carers due to be approved, confident of achieving saving
PCA6	Recommission accommodation-based Supporting People contracts	-150	Initial savings in excess of the target have been made by focussing on current providers who can move to a housing benefit funded model, which will mean more capacity to commission a 16-25 service and still achieve long-term savings
PCA7	"Whole Home" reviews of supported living contracts	-150	Assessment of reviews so far indicates on track to achieve savings, although some were achieved in 2018/19 and a full year impact may not be achieved
PCA8a	Demand Management (reviews)	-75	Tranche 2 completed and expected to achieve c. £70k in 2019/20 and £140k in a full year. Further reviews happening prior to 31 March, which will yield savings in 2019/20 and 2020/21.
PCA8b	Demand Management (provider-led TEC)	-75	Method for quantifying savings yet to be developed - some may accrue to providers and to health
PCA9	Increased income from CHC / joint funding	-300	Savings made to date indicate on track for savings
PCA10	Review of costs and income at the Carlton Centre	-50	Vacancy management
PCA3	Increase charges for community meals with aim to make service cost neutral	-40	Price changes made and no change to demand observed
PCA2	Full Year Impact of Recommissioning of Home Improvement Agency Contact in September 2018	-65	Completed in 2018/19
<b>Sub-total</b>		<b>-1,225</b>	